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FIRST FINANCIAL BANKSHARES™ INC

A Family of Community Banks™

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MAR 29 2004

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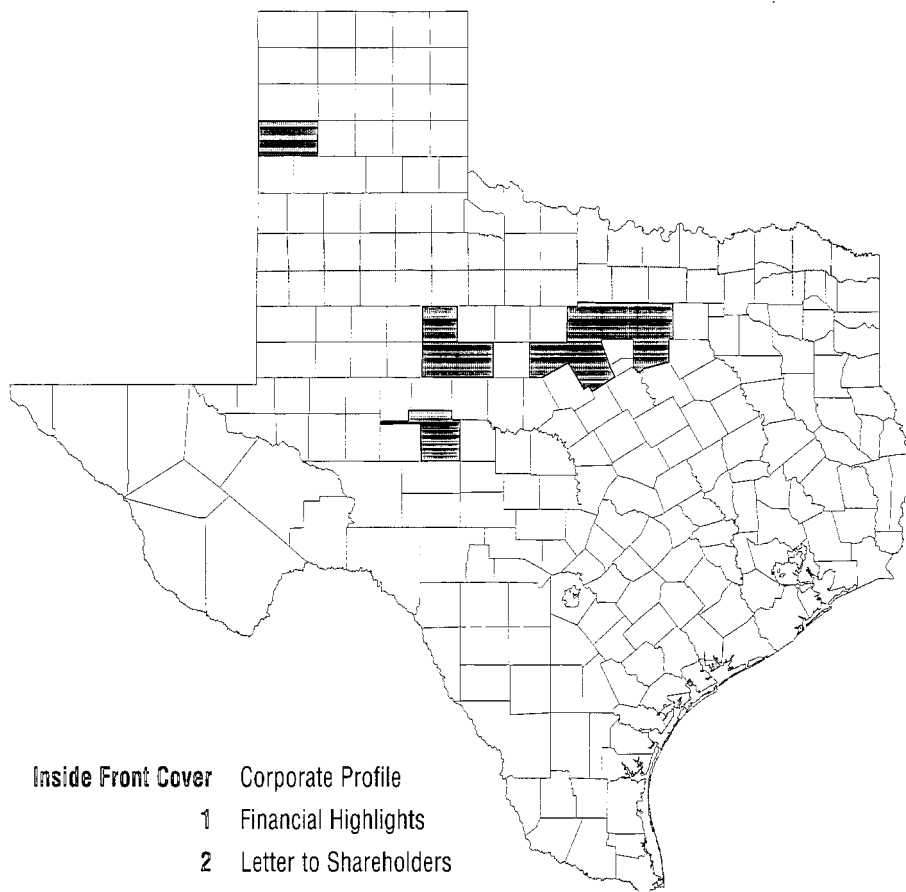
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FINANCIAL

Annual Report 2003

## Corporate Profile

First Financial Bankshares, Inc. is a financial holding company headquartered in Abilene, Texas, with consolidated assets of \$2.1 billion as of December 31, 2003. The corporation has 10 affiliate banks and a trust company, which provide services from 28 full-service locations in the Central, West and High Plains regions of Texas. The common stock of First Financial Bankshares, Inc. is beneficially held by approximately 4,500 shareholders and is listed on The NASDAQ Stock Market® under the symbol FFIN.

*Cover photo:  
Steve Butman Photography,  
Abilene, TX*



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## Getting more than your money's worth.

*Taking things at face value comes naturally at First Financial Bankshares. After all, we built our reputation on eye-to-eye, handshake banking. But we also recognize the value of going beyond what's expected, of seeing the forest as well as the trees—especially when it comes to our customers and shareholders. It motivated our investment in technology this year. One that significantly increased efficiencies among our affiliate banks. And it continues to inspire all of our efforts to make banking at the First Financial family of banks a valuable, as well as a profitable, experience.*

MAR 29 2003

OFFICE OF THE SECRETARY

## Financial Highlights

In Thousands (except per share data)		2002	Change
<b>For the Year</b>			
Net Income	\$ 35,305	\$ 33,953	4.0%
Basic Earnings per Share	2.28	2.20	3.6
Dividends Declared	18,746	16,680	12.4
Dividends per Share	1.21	1.08	12.0
<b>Averages for the Year</b>			
Assets	2,020,185	1,907,999	5.9
Securities	866,719	748,654	15.8
Loans	946,173	942,101	0.4
Deposits	1,739,232	1,644,170	5.8
Shareholders' Equity	245,128	226,768	8.1
<b>At Year-End</b>			
Assets	2,092,571	1,993,183	5.0
Securities	910,302	772,256	17.9
Loans	987,523	964,040	2.4
Deposits	1,796,271	1,711,562	4.9
Shareholders' Equity	251,487	238,768	5.3
Book Value per Share	16.25	15.45	5.2
Trust Assets	991,896	986,224	0.6
<b>Key Ratios</b>			
Return on Average Assets	1.75%	1.78%	
Return on Average Equity	14.40	14.97	
Equity/Assets at Year-End	12.02	11.98	
Efficiency	52.52	51.96	



## Dear Shareholders:

First Financial Bankshares achieved its 17th consecutive increase in net income last year. Growing 4.0%, net income totaled \$35.3 million compared with \$34.0 million in 2002. On a per share basis, earnings grew 3.6% to \$2.28 from \$2.20. Over the past 10 years, earnings have grown at a compounded annual rate of 11.42%.

The major challenge we faced in 2003 was the interest rate environment. Rates declined to their lowest levels in 40 years, which compressed our interest margins. The main factors causing this compression were lower rates on loans and accelerated amortization of premiums on mortgage-backed bonds. We were pleased that we were able to manage our interest rate risk as well as we did; however, the compressed interest margins decreased our net interest income by 2.2%. This decrease was offset by lower loan loss provisions, an increase in real estate mortgage fees, income from the sale of two properties and additional premiums on the early sale of student loans.

Key profitability ratios were slightly affected by the compressed interest margins. Our return on average assets decreased to 1.75% from 1.78% in 2002. This still compares favorably with the average of 1.20% recorded by our peer group (bank holding companies of similar size). Return on average equity decreased to 14.40% from 14.97% in 2002. The efficiency ratio (the share of revenues consumed by operating expenses) increased slightly to 52.52% from 51.96% in 2002, but it continued to compare favorably with our peer group's average of 61.74%.

Consolidated assets at year-end 2003 totaled \$2.093 billion, up 5.0% from \$1.993 billion at the end of 2002. Loans increased 2.4% to \$987.5 million from \$964.0 million. Contributing to this \$23.5 million growth was a \$22.1 million increase in commercial and agriculture loans and a \$37.4 million increase in real estate loans. However, these gains were offset by a \$16.4 million decline in consumer loans and a \$19.7 million reduction in student loans. The decline in consumer loans was primarily due to lack of demand for automobile loans resulting from the availability of 0% financing from new car manufacturers. The decline in student loans came from the accelerated sale of \$53.0 million of such loans so the Company could obtain an increased premium on the sale. Deposits grew by 4.9% to \$1.796 billion, fueled primarily by an 11.1% increase in noninterest-bearing demand deposits and a 13.1% rise in interest-bearing demand deposits.

First Financial continued to have strong asset quality and capital strength. Classified loans (those at risk to some degree) increased slightly to 3.95% of total loans from 3.72% a year earlier. Total nonperforming assets decreased to 0.32% of total loans from 0.44% in 2002. Shareholder equity grew to \$251.5 million at the end of 2003, creating a strong equity-to-assets ratio

of 12.02%. In recognition of the Company's capital strength, the Board raised cash dividends by 10.7% in the second quarter. The increase was accomplished through a 25% stock dividend and a change in the quarterly cash dividend to \$0.31 per share. The market price of our common stock at year-end was \$41.12 per share, up 35.3% from \$30.40 at the end of 2002. The combination of share price appreciation and dividend payments produced a total return to shareholders for 2003 of 39.2%.

We continued to strengthen our infrastructure in 2003 and build a stronger foundation for growth. In January 2003, we formed First Technology Services, Inc. and named Gary Webb as Chairman of the Board and Gary Tucker as President. The new company reflects our commitment to staying on the leading edge of technology in order to expand our products and services and gain operating efficiencies for our Company.

On October 3, 2003, we announced the formation of First Financial Trust & Asset Management Company, N.A., and named Robert Patterson as President. On January 1, 2004, the trust departments of First National Bank of Abilene, San Angelo National Bank, Stephenville Bank & Trust Co. and First National Bank, Sweetwater, were consolidated into the new company, providing it with assets of \$991.9 million. The formation of the trust company will allow us to expand our financial management services to our other banks as well as to new markets. We invite you to find out more about our two new companies on pages 4 and 5 of this annual report.

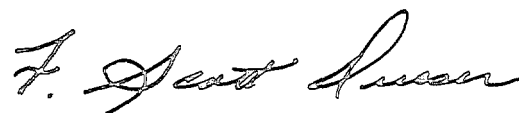
Besides these latest additions, the First Financial family consists of 10 separately chartered community banks that are directed by local boards and focus on the needs of their local communities. We continue to believe that this localized structure is the best for delivering outstanding service to our customers, great benefits to our communities and excellent financial results to our shareholders. But we also need to be able to take advantage of our collective strengths and facilities in providing products and services to our customers. To that end, we have designed new, highly competitive depository products that will be standardized throughout our banks. In addition, we have had our banks sign agency agreements that will allow each of them to service the needs of the other banks' customers. We are presently putting the technology in place to provide this service, and we will present the new concept to our customers by midyear. Customers will then have the ability to use any of our 28 locations and over 50 automated teller machines (ATMs) for their depository and loan servicing needs. During 2004, we will also introduce many other new products and services that will make us more competitive and will add income potential. The offerings will include enhanced overdraft privileges, debt protection and home equity lines of credit.

In March 2004, we announced that we had entered into a definitive agreement to acquire Liberty National Bank, Granbury, Texas, for a contemplated cash purchase price of \$12.8 million. Liberty National had approximately \$60 million in total assets and \$6 million in shareholder equity as of December 31, 2003. A growing and vibrant community, Granbury is 40 miles southwest of Fort Worth and is centrally located between four of our eastern banks. We expect to finalize the transaction in mid 2004, following regulatory approval.

Weatherford National Bank has announced plans to open a branch bank in Willow Park (a community between Weatherford and Fort Worth), and First Financial Bank, Cleburne has announced that it will open a new branch in Mansfield (which is south of Fort Worth). Both of these are fast-growing communities with excellent demographics. The Willow Park branch should open prior to the end of 2004, and the Mansfield branch in early 2005. Each of these branch openings fits well into our long-term strategy of strengthening our presence in growing communities within a 50-mile radius of the Dallas/Fort Worth Metroplex.

I could not be more pleased with our management team, consisting of Bruce Hildebrand, Gary Webb, Robert Patterson, Gary Gragg and each of our presidents. This team has diligently worked together to move your company forward and accomplish the many goals set out in our strategic plan. We are also pleased that Ken Murphy, our Chairman of the Board and retired President and CEO, has chosen to extend his consulting agreement with the Company for an additional year. His counsel and wisdom continue to be very valuable to us. In addition, we appreciate the support and direction from our Board members, who give of their expertise so willingly.

All of us at the Company – management, associates and Board members – realize the importance of going the extra distance for our shareholders and customers. Thank you for your support of and investment in First Financial Bankshares.



**F. Scott Dueser**  
*President and Chief Executive Officer,*  
*First Financial Bankshares Inc.*



*l to r: Gary S. Gragg, J. Bruce Hildebrand, F. Scott Dueser, Gary L. Webb and Robert S. Patterson*

## First Financial Trust & Asset Management Company, N.A.

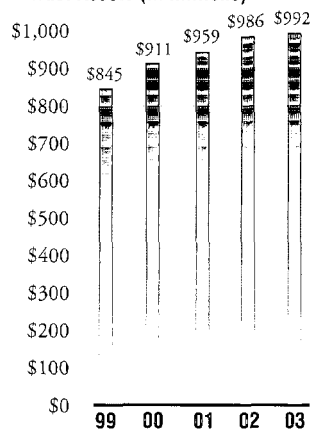
With the resurgence of the stock market in the final three quarters of 2003, our trust departments in Abilene, San Angelo, Stephenville and Sweetwater produced solid revenue for the year of \$6.02 million, an increase of 3.2% over the prior year. This provided a contribution of after-tax income of \$1.6 million, an increase of 19.9% over 2002. Assets grew modestly to \$991.9 million at December 31, 2003. Using a proven investment strategy of well-diversified portfolios with appropriate, individually designed asset allocation, our portfolio managers again generated exceptional returns for our customers. In the nine years Jerry Nelson has managed our Investment Department, the average yearly equity return has been 12.01%, or 171 basis points above our historic benchmark, the Lipper Large Cap Growth & Value Index.

Several initiatives reached fruition during 2003:

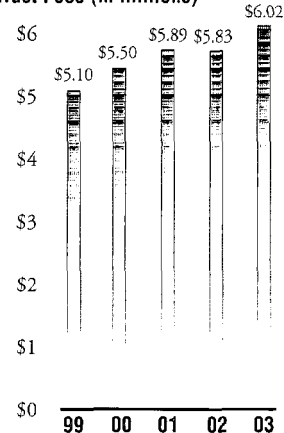
- We formed First Financial Trust & Asset Management Company, N.A. on October 1. As a limited-purpose national bank, we can now provide combined superior trust services not only to our sister banks, but in other cities and locations throughout the state. Effective January 1, 2004, the trust departments of our banks in Abilene, San Angelo, Stephenville and Sweetwater were consolidated into our new trust company. We remain committed to delivering professional, highly personalized service to our customers on a local basis.
- To elevate the investment process in the Trust Department of Stephenville Bank & Trust, we added Chris Montoya as Portfolio Manager on January 1, 2003. His outstanding investment advice has benefited our Stephenville customers.
- On April 1, we successfully converted First National Bank, Sweetwater, to the SEI Corporation Trust Accounting System. Now all our trust locations use this same operating system, enhancing our ability to provide a uniform, high-quality product to our customers.

We enter 2004 with skilled, experienced, focused professionals delivering firsthand trust and investment management services. Each trust office offers financial products and services to meet today's multidisciplinary investment needs. We remain committed to providing one-on-one service to each and every customer, rather than relegating accounts to a service center. We are actively seeking staff to serve Cleburne, Southlake and Weatherford markets. First Financial Trust & Asset Management Company is well-poised to continue its contribution of strong performance and results for our customers and shareholders.

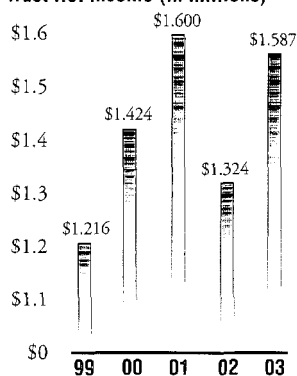
Trust Assets (in millions)



Trust Fees (in millions)



Trust Net Income (in millions)



## Senior Officers



**Robert S. Patterson**  
President and CEO



**Kirk Thaxton**  
Executive Vice President  
Abilene



**David Byrd**  
Executive Vice President  
San Angelo



**Joe Ayres**  
Senior Vice President  
Stephenville

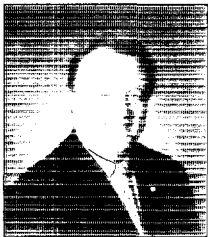


**Janis McDowell**  
Senior Vice President  
Sweetwater

## Senior Officers



**Gary L. Webb**  
*Chairman*



**Gary Tucker**  
*President and CEO*

## First Technology Services, Inc.

First Technology Services, Inc. (FTS), a wholly-owned subsidiary, was launched on January 1, 2003, to build and support a superior technology infrastructure for our family of community banks. Formed from the technology department of our Abilene bank, FTS now leads initiatives across First Financial Bankshares to better utilize our family of banks' broad resources while increasing accountability to all employees, customers and shareholders.

FTS executed a number of successful initiatives during 2003, significantly improving the quality, capacity and flexibility of our technology infrastructure. Chief among our accomplishments were:

- Implementation of remote check-processing capabilities in Hereford and Cleburne. The Cleburne site, which replaces a third-party processor, captures checks from our Weatherford, Mineral Wells, Stephenville and Cleburne banks. This site will also support future processing growth in the Dallas/Fort Worth area and represents an annual savings of approximately \$500 thousand.
- Implementation of agency agreements, along with new teller and account-opening systems throughout the banks, will allow our frontline staff to serve account holders from any of our banks with greater efficiency and accuracy. This will give our customers more choices and greater banking freedom, and further leverages our 28 banking locations.
- Improvements in our corporate cash-management systems allow our commercial customers greater flexibility in how and when they bank, along with better protection against corporate check fraud.
- Implementation of new check fraud systems protects our banks and our customers against the growing industry problem of fraudulent checks and check kiting schemes.
- Initiation of deposit product redesign and standardization will create a common set of deposit products across all our banks. These highly competitive, standardized products, along with our new deposit system, further enable us to support all customers from any of our banking locations.

FTS will build on these successes and strengthen our technology foundation in 2004 with initiatives such as:

- Introduction of a new e-mail system will provide greater messaging and collaboration capabilities for all employees, as well as establish a foundation for future enhancements.
- Implementation of a company-wide, state-of-the-art telecom system will improve our telecommunications and customer service while reducing operating costs.
- Installation of new lending and mortgage software will allow quicker decision making and greater integration with other applications.
- Development of new Web sites for all of our banks will provide our customers with better information in an easier-to-use format. Added consistency from site to site will also enhance our marketing initiatives and serve as an important tool for strengthening the First Financial brand across all our banks, while decreasing our overall Web development and maintenance costs.

FTS provides the technology resources for our current operations while anticipating future growth needs. By building a solid infrastructure to create the capacity for internal growth and the scalability for potential acquisitions, FTS helps position First Financial Bankshares for a future of expansion and profitability.

## First National Bank of Abilene

### Taylor County Deposit Market Share 45%

#### Main Office

400 Pine Street  
Abilene, Texas 79601  
Chartered 1890

#### Branches

4400 Buffalo Gap Road  
Abilene, Texas 79606

4350 Southwest Drive  
Abilene, Texas 79606

920 N. Willis  
Abilene, Texas 79603

3300 S. 14th Street  
Abilene, Texas 79605

1010 N. Judge Ely Blvd.  
Abilene, Texas 79601

701 Pine Street  
Abilene, Texas 79601

1345 Barrow Street  
Abilene, Texas 79605

#### Senior Officers

F. Scott Dueser  
*Chairman of the Board*

Chuck Cowell  
*President and Chief Executive Officer*

Leo Dennis  
*Executive Vice President, Chief Financial Officer and Cashier*

Ron Fogle  
*Executive Vice President, Commercial Loans*

Robert S. Patterson  
*Executive Vice President and Senior Trust Officer*

John Prince  
*Executive Vice President, Personal Loans*

Kirk Thaxton  
*Executive Vice President and Senior Trust Officer*

#### Directors

Chuck Cowell  
*President and Chief Executive Officer*

6 J. Michael Alexander  
*President, James M. Alexander & Co.*

Tucker S. Bridwell  
*President and Chief Executive Officer, Mansfeldt Investments, Inc.*

Joseph E. Canon  
*Executive Director, Dodge Jones Foundation*

David Copeland  
*President, Shelton Family Foundation*

Joe Crawford  
*President, Abilene Aero, Inc.*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

Charles Ezzell  
*Investments*

Allan D. Frizzell  
*Executive Vice President, Enrich Oil Corporation*

Raymond A. McDaniel, Jr.  
*Investments*

Bynum Miers  
*Rancher*

William D. Minter  
*Vice President, CameraMouse*

Stanley Morris, Jr.  
*Investments*

Kenneth T. Murphy  
*First Financial Bankshares, Inc.*

Dian Graves Stai  
*Investments*

Michael C. Waters, F.A.C.H.E.  
*President, Hendrick Health System*

#### Advisory

Bob J. Surovik  
*McMahon, Surovik, Suttle, Buhrmann, Hicks, Gill & Cannon, P.C.*

Steve Suttle  
*McMahon, Surovik, Suttle, Buhrmann, Hicks, Gill & Cannon, P.C.*

#### Directors Emeritus

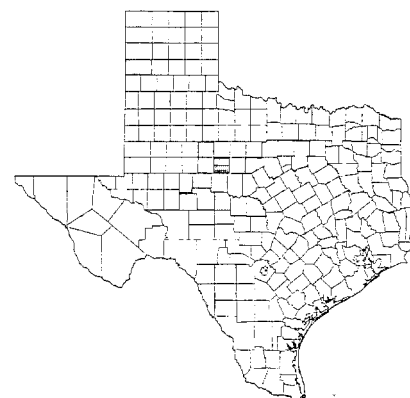
James M. Parker  
*President, Parker Properties, Inc.*

Jack D. Ramsey, M.D.  
*Physician*

In Thousands	Dec. 31, 2003	Dec. 31, 2002
<b>Assets</b>	\$753,864	\$705,468
<b>Loans</b>	339,444	353,564
<b>Deposits</b>	660,824	624,262
<b>Equity</b>	67,050	68,670
<b>Net Income</b>	14,966	14,277
<b>Return on Average Assets</b>	2.07%	2.12%
<b>Efficiency Ratio</b>	48.21	50.86



**Chuck Cowell**  
*President and Chief Executive Officer*

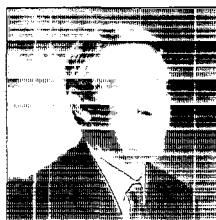




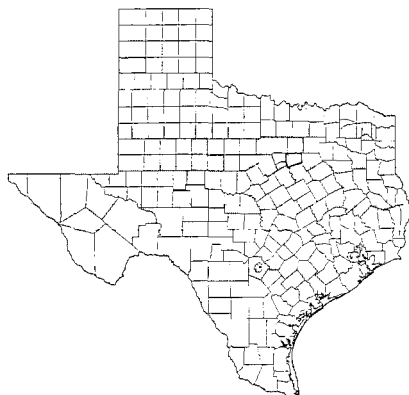


## First Financial Bank, N.A. Johnson County Deposit Market Share 21%

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$211,094	\$205,591
Loans	104,161	106,755
Deposits	189,382	182,715
Equity	20,043	20,334
Net Income	3,554	3,451
Return on Average Assets	1.75%	1.72%
Efficiency Ratio	52.69	51.13



**Ronald E. Schneider**  
*Chairman of the Board, President and  
Chief Executive Officer*



**Main Office**  
403 N. Main  
Cleburne, Texas 76033  
*Chartered 1927*

**Branches**  
200 N. Ridgeway  
Cleburne, Texas 76033  
1900 S.W. Wilshire  
Burleson, Texas 76028  
201 E. Highway 67  
Alvarado, Texas 76009

**Senior Officers**  
Ronald E. Schneider  
*Chairman of the Board, President and  
Chief Executive Officer*

Perry Ginn  
*Executive Vice President*  
Homer S. Pittman, Jr.  
*Executive Vice President and Cashier*  
Derek Schmidt  
*Executive Vice President*

**Directors**  
Ronald E. Schneider  
*Chairman of the Board, President and  
Chief Executive Officer*  
Albert A. Archer  
*Chairman of the Board, Walls Industries, Inc.*

Gary Bennett  
*Bennett Printing & Office Supply*  
Robert T. Childress  
*Investments*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

Jim Easdon  
*Investments*

J. Bruce Hildebrand  
*First Financial Bankshares, Inc.*

Hollis E. (Gene) Joslin  
*Investments*

Brent D. Magers  
*Chief Executive Officer and Administrator,  
Walls Regional Hospital*

George Marti  
*Marti Enterprises*

Guest  
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Guests 1 AM BAR  
1. KUEVES BANKING

TO

OS  
2000 05/03  
10:00 AM

## Eastland National Bank

Eastland County Deposit Market Share 26%

### Office

201 E. Main  
Eastland, Texas 76448  
Chartered 1934

### Senior Officers

Tommy J. Barrow  
*Chairman of the Board, President and  
Chief Executive Officer*

Clint S. Ferguson  
*Executive Vice President*

Jim Davidson  
*Senior Vice President and Cashier*

### Directors

Tommy J. Barrow  
*Chairman of the Board, President and  
Chief Executive Officer*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

Clint S. Ferguson  
*Executive Vice President*

J. Bruce Hildebrand  
*First Financial Bankshares, Inc.*

Jim Keffer  
*President, EBAA Iron Sales, Inc.*

Mike T. Perry  
*President, Kinnaird, Rossander & Perry  
Agency, Inc.*

Dale Squiers, R.Ph.  
*Owner, Eastland Drug Company*

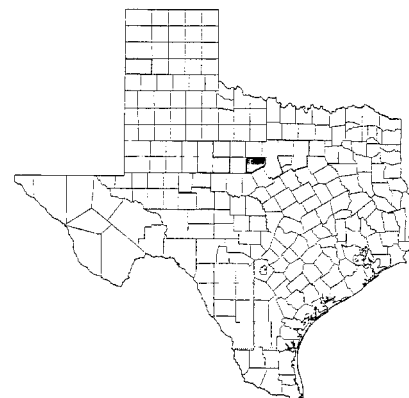
Tommy Warford  
*Turner, Seaberry and Warford, Attorneys*

M.D. White, Jr.  
*President and Owner,  
Ace Hardware Store Eastland/Cisco*

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$58,005	\$59,090
Loans	30,921	31,931
Deposits	52,076	50,109
Equity	5,921	6,113
Net Income	1,061	1,016
Return on Average Assets	1.83%	1.70%
Efficiency Ratio	55.01	54.38



**Tommy J. Barrow**  
*Chairman of the Board, President and  
Chief Executive Officer*





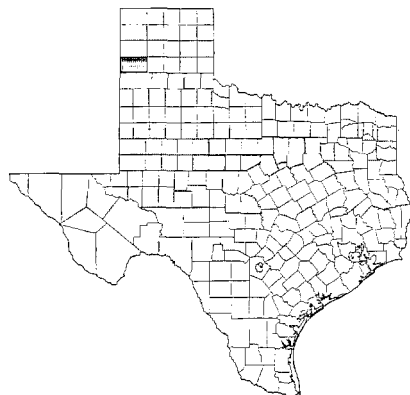
## Hereford State Bank

### Deaf Smith County Deposit Market Share 45%

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$93,299	\$80,976
Loans	53,549	38,383
Deposits	82,244	71,926
Equity	8,558	8,529
Net Income	1,311	1,205
Return on Average Assets	1.53%	1.48%
Efficiency Ratio	56.31	55.19



**Mike Mauldin**  
*Chairman of the Board, President and Chief Executive Officer*



#### Office

212 E. Third Street  
Hereford, Texas 79045  
*Chartered 1947*

#### Senior Officers

Mike Mauldin  
*Chairman of the Board, President and Chief Executive Officer*

Jeff Brown  
*Senior Vice President*

Mike Cullen  
*Senior Vice President*

Steve Gilbert  
*Senior Vice President and Cashier*

#### Directors

Mike Mauldin  
*Chairman of the Board, President and Chief Executive Officer*

Joe Artho  
*Retired General Manager, Hereford Grain Corp.*

Terry Brumlow  
*Retired Banker*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

Steve Lewis, D.V.M.  
*Manager and Senior Partner, Hereford Veterinary Clinic*

Garth Merrick  
*President and Chief Executive Officer, Merrick Petfoods, Inc.*

Allen Parson  
*Restaurateur and Investments*

Craig Smith  
*Retired Banker and Rancher*

Jerry Stevens  
*Vice President and General Manager, Stevens 5-Star Car and Truck Center*

Johnny E. Trotter  
*President and Chief Executive Officer, Livestock Investors, Ltd.*

Roger Williams  
*Farming*

#### Advisory Director

Terry Langehennig  
*Cowsert, Line and Langehennig, Attorneys*

## City National Bank, Mineral Wells

Palo Pinto County Deposit Market Share 25%

### Office

1900 E. Hubbard  
Mineral Wells, Texas 76067  
Chartered 1925

### Senior Officers

Kenneth A. Williamson  
*Chairman of the Board, President and  
Chief Executive Officer*

Brad Seay  
*Executive Vice President, Lending*

Mike Mearse  
*Senior Vice President*

Eddie Gregory  
*Vice President*

Kay Hudspeth  
*Cashier*

### Directors

Kenneth A. Williamson  
*Chairman of the Board, President and  
Chief Executive Officer*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

Doyle Lee  
*Chairman, President and CEO,  
Weatherford National Bank*

Terry L. Murphy  
*President and Chief Executive Officer,  
Murphy and Murphy, Inc.*

Don O'Neal  
*Don O'Neal Distributing Company, Inc.,  
O'Neal Enterprises, Inc.*

David Ramsey, M.D.  
*Family Practice Center*

Brad Seay  
*Executive Vice President, Lending*

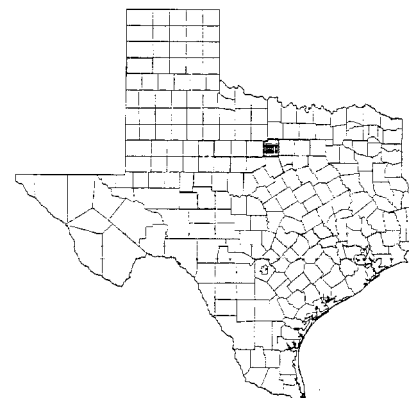
Jimmy Seay  
*Investments and Ranching*

Walter Joe Thomas, D.D.S.  
*Dentist*

In Thousands	Dec. 31, 2003	Dec. 31, 2002
<b>Assets</b>	\$98,124	\$93,969
<b>Loans</b>	53,779	51,224
<b>Deposits</b>	86,412	84,043
<b>Equity</b>	9,628	9,538
<b>Net Income</b>	1,813	1,659
<b>Return on Average Assets</b>	1.86%	1.79%
<b>Efficiency Ratio</b>	46.12	46.86



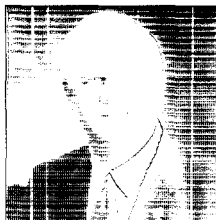
**Kenneth A. Williamson**  
*Chairman of the Board, President and  
Chief Executive Officer*



## San Angelo National Bank

### Tom Green County Deposit Market Share 25%

In Thousands	Dec. 31, 2003	Dec. 31, 2002
<b>Assets</b>	\$323,847	\$303,124
<b>Loans</b>	124,076	115,450
<b>Deposits</b>	261,590	251,931
<b>Equity</b>	29,730	30,634
<b>Net Income</b>	5,020	4,917
<b>Return on Average Assets</b>	1.63%	1.70%
<b>Efficiency Ratio</b>	49.36	50.64



**Michael L. Boyd**  
President and  
Chief Executive Officer



**Main Office**  
301 W. Beauregard  
San Angelo, Texas 76903  
*Chartered 1997*

**Branch**  
3471 Knickerbocker  
San Angelo, Texas 76904

**Senior Officers**  
Michael L. Boyd  
*President and Chief Executive Officer*  
David Byrd  
*Executive Vice President and Trust Officer*  
Robert Pate  
*Executive Vice President*  
Katherine Reeves  
*Executive Vice President and Cashier*

**Directors**  
Dal DeWees  
*Chairman of the Board*  
Michael L. Boyd  
*President and Chief Executive Officer*  
W. Dan Cravy, M.D.  
*Physician*  
Rick DeHoyos  
*Partner*  
*Ratliff, Edwards & DeHoyos*  
David B. Drake  
*Investment Advisor*  
F. Scott Dueser  
*First Financial Bankshares, Inc.*

Doug Eakman  
*Owner, Pecos Street Pharmacy*  
Ron Giddiens  
*Investments/Business Consulting*  
Joe Henderson  
*President, Porter Henderson Implement Company, Inc.*  
J. Bruce Hildebrand  
*First Financial Bankshares, Inc.*  
Robert D. Housley  
*President and Owner, Housley Communications*  
David F. Lupton  
*President, Angelo Glass & Mirror Company, Inc.*  
Bill Pfluger  
*Rancher*  
Barbara Riley  
*President, Olio, Inc.*  
Richard W. Salmon  
*Investments*  
John E. Schwartz, Sr.  
*Farmer/Rancher*  
Mary Jane Steadman  
*Attorney, Real Estate Investment Management*  
F.L. (Steve) Stephens  
*Retired Chairman and Chief Executive Officer, Town & Country Food Stores, Inc.*

**Advisory**  
Jim Johnson  
*Shannon, Porter, Johnson, Pfluger, Davis & Joynton, LLP*

## First Financial Bank, N.A. Southlake

Cities of Southlake, Keller and Roanoke Deposit Market Share 8%

### Main Office

3205 E. Highway 114  
Southlake, Texas 76092  
Chartered 1985

### Branches

95 Trophy Club Drive  
Trophy Club, Texas 76262

891 E. Keller Parkway  
Suite 100  
Keller, Texas 76248

### Senior Officers

Mark L. Jones  
*President and Chief Executive Officer*

F. Mills Shallene  
*Senior Vice President*

J. Sean Shope  
*Senior Vice President*

Joe Stubbs  
*Senior Vice President and Cashier*

### Directors

Perry D. Elliott  
*Chairman of the Board*

James E. Burger  
*Burger Construction*

Jack Dortch  
*Jack Dortch Insurance Agency*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

J. Bruce Hildebrand  
*First Financial Bankshares, Inc.*

Derrell E. Johnson  
*President, American Council of Engineering  
Companies Life Health Trust*

Mark L. Jones  
*President and Chief Executive Officer*

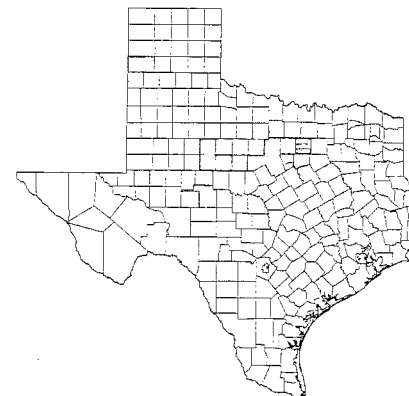
K. Wayne Lee  
*President, DDFW Properties*

Jim Ridenour  
*President, Sunbelt Station Service*

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$74,410	\$67,750
Loans	54,441	45,132
Deposits	64,478	61,532
Equity	6,297	6,295
Net Income	661	412
Return on Average Assets	0.94%	0.62%
Efficiency ratio	75.54	76.58



**Mark L. Jones**  
*President and  
Chief Executive Officer*

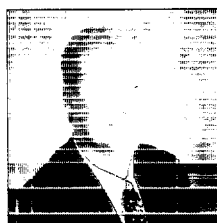




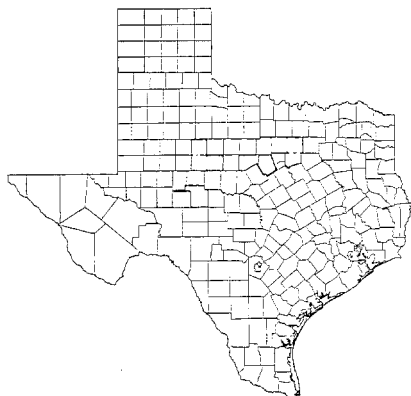
## Stephenville Bank & Trust Co.

Erath County Deposit Market Share 32%

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$147,980	\$138,260
Loans	76,814	75,454
Deposits	134,317	125,226
Equity	13,306	12,755
Net Income	2,004	2,313
Return on Average Assets	1.42%	1.75%
Efficiency Ratio	51.19	47.93



**Ron Butler**  
*President and  
Chief Executive Officer*



**Main Office**  
2201 W. South Loop  
Stephenville, Texas 76401  
*Chartered 1923*

**Branches**  
1875 Lingleville Road  
Stephenville, Texas 76401  
199 N. Columbia  
Stephenville, Texas 76401

**Senior Officers**  
Ron Butler  
*President and Chief Executive Officer*  
Perry D. Elliott  
*Vice Chairman*  
Ken Luker  
*Executive Vice President*  
Monty Bedwell  
*Senior Vice President*  
Dereece Howell  
*Senior Vice President and Cashier*  
Robert Lemons  
*Senior Vice President*  
Terry McCoy  
*Senior Vice President*  
Robert Reeves  
*Senior Vice President*

**Directors**  
James C. Terrell, Jr., M.D.  
*Chairman of the Board*  
Perry D. Elliott  
*Vice Chairman*  
Ron Butler  
*President and Chief Executive Officer*  
William L. Corbin  
*Investments*  
F. Scott Dueser  
*First Financial Bankshares, Inc.*  
Charles P. Gillespie, Jr.  
*Engineer*  
J. Bruce Hildebrand  
*First Financial Bankshares, Inc.*  
Bill Parham  
*Parham & Parham, CPAs*  
Jerry Parham  
*Investments*  
Jack Parks  
*Farmer*  
Ronald E. Schneider  
*First Financial Bank, Cleburne*  
Frank Terrell, M.D.  
*Ophthalmologist*  
John Terrill  
*Attorney*  
**Advisory**  
W.L. Nix  
*Investments*

# First National Bank, Sweetwater

Nolan and Fisher Counties Deposit Market Share 40%

## Main Office

201 Elm Street  
Sweetwater, Texas 79556  
Chartered 1948

## Branches

123 N. Concho  
Roby, Texas 79543  
117 N. Main  
Trent, Texas 79561

## Senior Officers

J.V. Martin  
*Chairman of the Board, President and  
Chief Executive Officer*

Kirby Andrews  
*Executive Vice President, Lending*

Donnie Ruppert  
*Executive Vice President and Contoller*

Rodney Foster  
*Senior Vice President, Lending*

Janis McDowell  
*Senior Vice President, Trust Officer*

## Directors

J.V. Martin  
*Chairman of the Board, President and  
Chief Executive Officer*

Glenn D. Bennett  
*Bennett & Associates*

Louis Brooks, Jr.  
*Ranching, Brooks-Maberry, Inc.*

Bill W. Burns  
*President, Bill Burns Oil Co., Inc.*

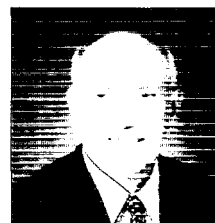
Ronnie Cox  
*Owner, Cox Jewelry*

F. Scott Dueser  
*First Financial Bankshares, Inc.*

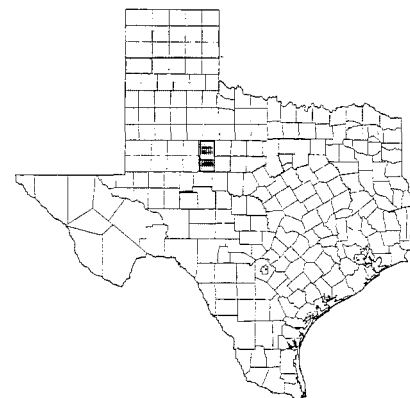
Cecil J. King  
*Retired President, Citizens State Bank, Roby*

Thomas L. Rees, Sr.  
*Rees and Rees, Attorneys*

In Thousands	Dec. 31, 2003	Dec. 31, 2002
Assets	\$121,055	\$112,079
Loans	49,012	49,487
Deposits	109,253	100,306
Equity	11,179	11,114
Net Income	2,271	2,078
Return on Average Assets	1.90%	1.99%
Efficiency Ratio	51.99	48.59



**J.V. Martin**  
*Chairman of the Board, President and  
Chief Executive Officer*







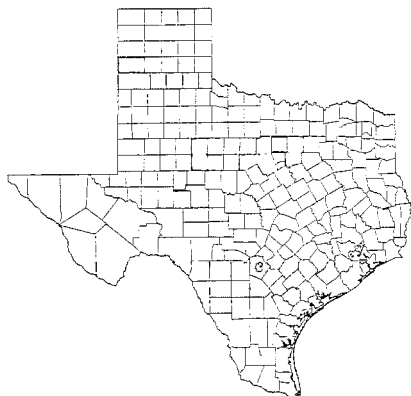
## Weatherford National Bank

### Parker County Deposit Market Share 25%

In Thousands	Dec. 31, 2003	Dec. 31, 2002
<b>Assets</b>	\$219,303	\$211,235
<b>Loans</b>	101,326	96,660
<b>Deposits</b>	198,561	189,630
<b>Equity</b>	20,117	20,526
<b>Net Income</b>	3,934	3,862
<b>Return on Average Assets</b>	1.95%	1.97%
<b>Efficiency Ratio</b>	49.11	48.39



**Doyle Lee**  
*Chairman of the Board, President and Chief Executive Officer*



**Main Office**  
101 N. Main Street  
Weatherford, Texas 76086  
*Chartered 1984*

**Branches**  
101 College Park Drive  
Weatherford, Texas 76086  
1214 N. Main Street  
Weatherford, Texas 76086  
505 Farm Road 1187  
Aledo, Texas 76008

**Senior Officers**  
Doyle Lee  
*Chairman of the Board,  
President and Chief Executive Officer*  
Bob Bradberry  
*Executive Vice President*  
Jay Gibbs  
*Executive Vice President*  
Paul Baker  
*Senior Vice President*  
Jean Bryan  
*Senior Vice President*  
Larry Mangrem  
*Senior Vice President and Cashier*  
Louis Sneed  
*Senior Vice President*

**Directors**  
Doyle Lee  
*Chairman of the Board,  
President and Chief Executive Officer*  
Stephen G. Brogdon, D.D.S.  
*General and Cosmetic Dentistry*  
Mac A. Coalson  
*Real Estate and Ranching*  
F. Scott Dueser  
*First Financial Bankshares, Inc.*  
Clay Hicks  
*Oil and Gas Investments*  
Nan Kingsley  
*President,  
Bluestern Studios, Inc.*  
Dave Lang  
*President, Dralco, Inc.*

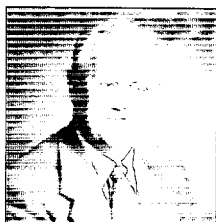
## Selected Financial Data

In Thousands (except per share data)

Year-End	Total Assets <sup>(1)</sup>	Shareholders' Equity <sup>(1)</sup>	Net Income <sup>(1)</sup>	Basic Earnings per Share <sup>(2)</sup>	Cash Dividends per Share <sup>(2)</sup>	Stock Dividends and Splits	Year-End Book Value per Share <sup>(2)</sup>	Year-End Market Value per Share <sup>(2)</sup>
2003	\$2,092,571	\$251,487	\$35,305	\$2.28	\$1.21	5/4 split	\$16.25	\$41.12
2002	1,993,183	238,768	33,953	2.20	1.08	—	15.45	30.40
2001	1,929,694	213,654	29,355	1.91	0.93	5/4 split	13.86	24.08
2000	1,753,814	196,121	28,316	1.82	0.82	—	12.74	20.12
1999	1,723,369	178,663	25,690	1.65	0.72	—	11.46	19.68
1998	1,686,647	169,449	23,254	1.50	0.64	10% dividend	10.90	22.40
1997	1,573,509	148,226	20,063	1.36	0.56	5/4 split	9.97	24.95
1996	1,262,041	131,161	18,122	1.26	0.50	5/4 split	9.09	18.62
1995	1,062,325	114,917	16,355	1.22	0.45	—	8.53	12.47
1994	1,001,906	103,908	13,112	0.98	0.41	5/4 split	7.74	9.95
Ten-Year Compound Growth Rate	8.51%	10.77%	11.42%	8.06%	12.88%	—	8.50%	12.76%

<sup>(1)</sup> As originally reported at the close of each year and prior to restatements for pooling-of-interests.

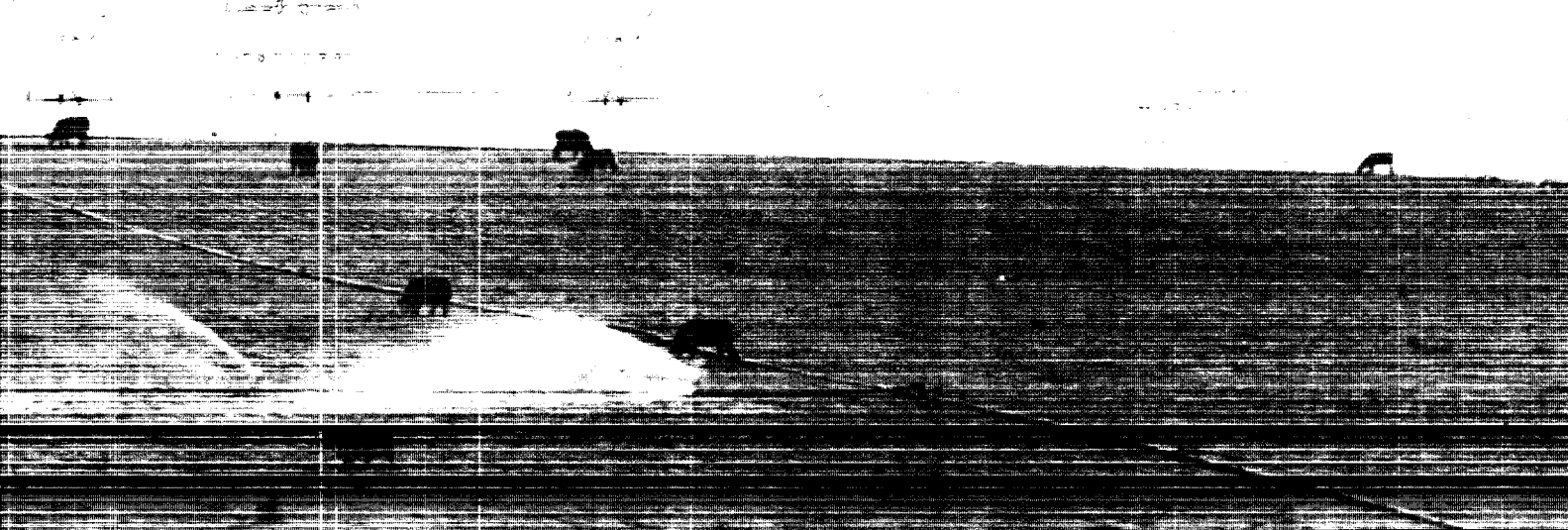
<sup>(2)</sup> Adjusted for stock dividends and splits.



**J. Bruce Hildebrand**  
Executive Vice President  
and Chief Financial Officer

### 2003 Common Stock Market Value and Dividend Data

Quarter	High	Low	Close	Dividends
Fourth	\$43.89	\$37.12	\$41.12	\$0.31
Third	41.02	32.35	36.96	0.31
Second	38.80	28.01	33.46	0.31
First	32.34	27.78	28.40	0.28



## Corporate Information

### Officers

**Kenneth T. Murphy**  
*Chairman of the Board*

**F. Scott Dueser**  
*President and Chief Executive Officer*

**J. Bruce Hildebrand**  
*Executive Vice President and Chief Financial Officer*

**Gary L. Webb**  
*Executive Vice President*

**Gary S. Gragg**  
*Senior Vice President*

**Robert S. Patterson**  
*Senior Vice President, Trust Services*

**William A. Rowe**  
*Vice President, Investment Securities*

**Gaila Kilpatrick**  
*Administrative Officer*

### Directors

**Kenneth T. Murphy**  
*Chairman of the Board*

**Joseph E. Canon**  
*Executive Director, Dodge Jones Foundation*

**Mac A. Coalson**  
*Real Estate and Ranching*

**David Copeland**  
*President, Shelton Family Foundation*

**F. Scott Dueser**  
*President and Chief Executive Officer*

**Derrell E. Johnson**  
*President, American Council of Engineering  
Companies Life Health Trust*

**Kade Matthews**  
*Ranching and Investments*

**Raymond A. McDaniel, Jr.**  
*Investments*

**Bynum Miers**  
*Ranching*

**James M. Parker**  
*President,*

*Parker Properties, Inc.*

**Jack D. Ramsey, M.D.**  
*Physician*

**Dian Graves Stai**  
*Investments*

**F.L. (Steve) Stephens**  
*Retired Chairman and Chief Executive Officer,  
Town & Country Food Stores, Inc.*

**Johnny E. Trotter**  
*President and Chief Executive Officer,  
Livestock Investors, Ltd.*

### Annual Meeting

Tuesday, April 27, 2004  
Abilene Civic Center  
1100 N. Sixth Street  
Abilene, Texas 79601

### Corporate Offices

400 Pine Street  
Abilene, Texas 79601  
325.627.7155  
ffin@abilene.com  
<http://www.ffin.com>

### Corporate Mailing Address

P.O. Box 701  
Abilene, Texas 79604

### Common Stock Listing

The NASDAQ Stock Market®  
Symbol: FFIN

### For Financial Information, Contact:

J. Bruce Hildebrand  
*Executive Vice President*  
325.627.7167

### Transfer Agent

The Bank of New York  
1.866.828.8173

*Address Shareholder Inquiries to:*  
Shareholder Relations Dept.  
P.O. Box 11258  
Church Street Station  
New York, NY 10286

*E-mail Address:*  
[shareowner-svcs@bankofny.com](mailto:shareowner-svcs@bankofny.com)

*The Bank of New York  
Stock Transfer Website:*  
<http://www.stockbny.com>

*Send Certificates for Transfer and Address Changes to:*  
Receive and Deliver Dept.  
P.O. Box 11002  
Church Street Station  
New York, NY 10286

### Independent Public Auditors

Ernst & Young LLP

### 2002 Common Stock Market Value and Dividend Data

Quarter	High	Low	Close	Dividends
Fourth	\$33.60	\$27.72	\$30.40	\$0.28
Third	33.38	27.88	29.15	0.28
Second	34.40	26.40	33.47	0.28
First	27.44	23.44	26.57	0.24

**FIRST FINANCIAL BANKSHARES™**

A Family of Community Banks™

400 Pine Street, Abilene, Texas 79601  
[www.ffin.com](http://www.ffin.com)